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C O N F I D E N T I A L SECTION 01 OF 02 YEREVAN 000658

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TAGS: PGOV PHUM AM

SUBJECT: PM SARGSIAN HOPES FOR "BIG TENT" COALITION

REF: A. YEREVAN 649

1B. YEREVAN 608

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Classified By: CDA A.F.Godfrey for reason 1.4 (b, d)

Summary

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11. (C) PM Sargsian told CDA on May 17 that he plans to form as large a coalition as he can, to include the new pro-government Prosperous Armenia (PA) party as well as former coalition partner ARF-Dashnaktsutyun (the Dashnaks). Armenia's constitution gives him until the end of June to propose his cabinet, but some decisions have already been taken. FM Oskanian will certainly remain, at least through Armenia's presidential elections and longer, if the N-K process has momentum. On elections, Sargsian expressed pride not just at the result for his party, but for the openness of the process to competition. He acknowledged that there were shortcomings, however, and said that there would be investigations of allegations of wrongdoing. CDA raised current human rights concerns, including the death in police custody of Levon Ghulyan and the detention of former FM Alexander Arzumanian. End Summary.

Sargsian Wants a Big Coalition

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12. (C) On May 17, PM Serzh Sargsian met one-on-one with CDA for an hour in his office. Sargsian was relaxed, but still recovering from the long election run. He said that he had spoken with EUR DAS Matt Bryza earlier in the week, and continued to value highly U.S. engagement with Armenia. While Armenia's constitution gives him plenty of time to come to decisions regarding coalitions, Sargsian said he was eager to move quickly to form as large a coalition as possible. (Note: The newly-elected parliament will meet for the first time on May 31. The President could wait up to ten days to appoint a Prime Minister, who would then have up to 20 days to appoint a cabinet. While we presume that things will move more quickly than this, Armenia's new cabinet could, technically, not be formed until July. End Note.)

13. (C) Sargsian said that "naturally," he hoped to form a coalition with Prosperous Armenia, but hoped also that he would be able to come to agreement with the Dashnaks. Sargsian agreed that it would be better to have the Dashnaks on side rather than in opposition. He added that he sought to take advantage of key Dashnak leaders, who had proven to be effective in senior leadership positions in the previous coalition. He particularly hoped that he would be able to convince Agriculture Minister David Lokian to continue his service. The new parliament would have a Chairman, two

Deputy Chairmen and nine committees, Sargsian explained. While the Republicans would insist on keeping the position of Chairman (Speaker), the two deputy positions could go to coalition partners. As to committee chairmen, no decisions had been taken, but Sargsian said he expected to assign former Justice Minister David Harutyunian to head the powerful Legislation committee.

FM Oskanian Will Stay

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¶ 14. (C) Sargsian said he had met with FM Vartan Oskanian (who has no party affiliation) and had asked him to stay on as Foreign Minister. Oskanian's intimate knowledge of every stage of the N-K negotiations made him practically irreplaceable. Sargsian said that Oskanian had readily committed to serve at least through the presidential election in early Spring 2008, and would reconsider after that, depending on the status of the N-K negotiations.

¶ 15. (C) CDA asked Sargsian whether Mikhail Harutunian would remain in his position as Defense Minister. (Note: Harutunian, who until Sargsian's appointment as PM was Chief of the General Staff, was a non-partisan nomination which attracted little political attention during the campaign. End Note.) Sargsian said that he had originally planned to nominate former "N-K Defense Minister" Seyran Ohanian to this position sooner, but would wait for this potentially contentious nomination until after the presidential election.

Sargsian said he would leave Harutunian, a capable technocrat, as Defense Minister while Ohanian "got a better sense of the scale of the task he would face." While Ohanian had proved himself capable in leading a defense force, Sargsian explained, managing the Ministry is a much more complex task. (Comment: Sargsian likely also seeks to avoid the urban Yerevan mistrust of "too many Karabakhtsi" in the run-up to the presidential election. End Comment.)

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Republican Dominance Thanks to Opposition Bickering

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¶ 16. (C) Sargsian was pleased with the way the campaign had finished. He said that the results tracked largely with what late private polls told him his party should expect. Sargsian credited the opposition's inability to form a pre-election coalition with ensuring his party's dominance of the next government. Many parties which had received votes did not pass the five-percent threshold, and the seats which would have been apportioned to them were divided among those parties which did clear the bar. He said that all parties had in general stuck by the rules agreed long in advance with President Kocharian. While charitable works were considered above board, mass vote-buying was out. He noted that had PA engaged in this practice on a large scale, the Republicans would have been forced to respond in kind. The election was intended to be a real contest for the support of the voters, and he was pleased that his party had fared so well. He noted that PA's biggest problem was its leader. Gagik Tsarukyan, with his coarse looks and uneducated speech, was

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hardly an ideal public figure. "Had he been able to keep to the background, PA might have been more successful," Sargsian said.

Investigating Election Flaws

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¶ 17. (C) Sargsian acknowledged that the election process was not without flaws. CDA pressed that for the election process to gain credibility, there had to be credible investigations and prosecutions. Sargsian agreed, and said that several investigations were ongoing (none of which involved allegations against the Republican Party).

CDA Raises New Human Rights Cases

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¶8. (C) CDA used the opportunity to raise two human rights cases. On May 12, Levon Ghulyan died under suspicious circumstances while in police custody (ref a). Sargsian said he was aware of the case, but had not seen evidence that the police were to blame. Citing similar cases in recent U.S. history, CDA urged full transparency and speedy investigation. On the case of Alexander Arzumanian (ref b), the former Foreign Minister now in detention on money laundering charges, we acknowledged that our contacts in the Central Bank's Financial Intelligence Unit had alerted us to suspicious transactions, but we questioned whether the detention was politically motivated. Arzumanian was a sympathetic figure, and his Amcit spouse was a strong advocate. Sargsian agreed that pursuing the case made no political sense. He knew Arzumanian personally, and thought of him as a good, "but impulsive" man who could take erratic decisions. Sargsian said that the evidence was strong and the case could not simply be dismissed. He suggested that, after the new cabinet was formed, he would approach the President to take a "political decision" to release Arzumanian.

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